

## Message Text

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ACTION EUR-12

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CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

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E.O. 11652: N/A

TAGS: EEC, ENRG

SUBJECT: DETAILS OF EC ENERGY PROPOSAL

REF: EC BRUSSELS 9397

1. BEGIN SUMMARY: THE EC COMMISSION'S PROPOSALS FOR A COMMUNITY ENERGY PROGRAM, ANNOUNCED AT A PRESS CONFERENCE ON NOVEMBER 28 BY COMMISSION VICE PRESIDENT SIMONET, ARE CONTAINED IN FIVE DOCUMENTS: A PAPER SETTING FORTH OBJECTIVES FOR 1985 AND FOUR SEPARATE POLICY PAPERS CONTAINING POLICY PROPOSALS FOR (A) RATIONAL USE OF ENERGY; (B) HYDROCARBONS; (C) MEDIUM-TERM ELECTRICITY; AND (D) SUPPLY FOR NUCLEAR FUELS. THESE PROPOSALS ARE TO BE DISCUSSED AT THE SPECIAL DECEMBER 17 EC COUNCIL OF MINISTERS MEETING ON ENERGY. TO WHAT EXTENT, IF ANY, THESE PROPOSALS WILL FIGURE IN THE DECEMBER 9-10 EUROPEAN SUMMIT IS NOT YET KNOWN, END SUMMARY.

2. IN ITS PAPER ON OBJECTIVES FOR 1985, THE COMMISSION AIMS AT THE FOLLOWING GOALS (SEE REFTEL): REDUCTION OF ENERGY CONSUMPTION IN THE COMMUNITY BY 15 PERCENT; REDUCTION OF THE ANNUAL GROWTH

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IN ENERGY CONSUMPTION FROM 5 PERCENT TO 3 1/2 PERCENT;

REDUCING THE COMMUNITY'S DEPENDENCE ON IMPORTED ENERGY SOURCES--  
ESSENTIALLY OIL -- FROM THE PRESENT LEVEL OF ABOUT 63 PERCENT TO  
ABOUT 40 PERCENT; AND ENCOURAGING THE CONSUMPTION OF ELECTRI-  
CITY TO THAT BY 1985 IT WILL REPRESENT 35 PERCENT OF ALL ENERGY  
CONSUMPTION. (AS REPORTED IN REFTEL, SIMONET WITH THE PRESS SPOKE  
OF REDUCING OIL IMPORTS FROM 63 PERCENT TO 45 PERCENT.)

3. IN REGARD TO COAL THE PROGRAM ENVISAGES PRODUCTION BEING  
STABILIZED AT CURRENT OUTPUT LEVELS AND INCREASES IN COAL IMPORTS  
FROM THIRID COUNTRIES.

4. RATIONAL USE OF ENERGY. THE PROPOSED ACTION PROGRAM FOR THE  
RATIONAL USE OF ENERGY CONTAINS 22 PROPOSALS WHICH IF IMPLEMENTED  
COULD PRODUCE AN ESTIMATED SAVINGS OF DOLS 22 BILLION IN 1985.  
THE PROGRAM CALLS FOR ENERGY CONSERVATION IN FOUR AREAS: (A)  
HOUSEHOLD; (B) TRANSPORTATION; (C) INDUSTRY; AND (D) THE ENERGY  
INDUSTRY ITSELF, I.E. MAKING THE ENERGY INDUSTRY MORE "ENERGY  
EFFICIENT."

5. HYDROCARBONS. THE COMMISSION HAS PROPOSED A POLICY IN THE  
BYDROCARBONS SECTOR WHICH, ACCORDING TO THE COMMISSION'S SUMMARY  
OF THE DOCUMENT, " BROADENS THE COMMISSION'S THINKING  
ABOUT OIL AND GAS SUPPLY." THE PROPOSAL CONTAINS SIX RECOMMENDA-  
TIONS FOR A COMMUNITY SUPPLY OLICY: (A) RATIONAL USE OF  
RESOURCES; (B) DEVELOPMENT OF RELIABLE SOURCES OF SUPPLY;  
(C) ESTABLISHMENT OF A SOUND INFORMATION AND CONSULTATION SYSTEM  
FOR IMPORTS AND EXPORTS; (D) DOWNSTREAM INVESTMENT IN RE-  
FINING, TRANSPORT AND DISTRIBUTION; (E) A PRICE POLICY BASED  
ON COMPETITION AND TRANSPARENCY OF COSTS AND PRICES, WHICH WOULD  
REFLECT THE REAL CONDITIONS OF SUPPLY; AND(F) MEASURES WHICH IN  
CASE OF SUPPLY DIFFICULTIES, WOULD ENSURE THAT THE UNITY OF THE  
COMMON MARKET WOLD BE MAINTAINED.

6. MEDIUM-TERM ELECTRICITY POLICY. THE AIM OF THIS PROPOSAL  
IS TO ENSURE THAT "ELECTRICITY MAKES THE MAXIMUM POSSILE CONTRI-  
BUTION TO THE ECONOMY AND SECURITY OF THE COMMUNITY'S ENERGY  
SUPPLY IN THE 1980'S. TO ACHIEVE THIS THE COMMISSION'S PROPOSAL  
STATES THAT THERE IS "NO ALTERNATIVE TO THE UTILIZATION OF NU-  
CLEAR ENERGY WHICH CAN ONLY REACH THE CONSUMER IN LARGE QUANTITIES BY  
1985 BY MEANS OF ELECTRICITY." THE COMMISSION ESTIMATES THAT THE  
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CONTRIBUTION OF ELECTRICITY TO THE TOTAL ENERGY DEMAND  
SHOULD INCREASE FROM 25 PERCENT (1973) TO 35 PERCENT IN 1985  
AND MORE THAN 50 PERCENT IN THE YEAR 2000. INVESTMENTS REQUIRED  
IN THE ELECTRICITY SECTOR DURING THE NEXT 10 YEARS ARE PEGGED  
AT 170 BILLION UA (ABOUT DOLS 205 BILLION). THE COMMISSION  
CALLS FOR MORE REALISTIC ELECTRICITY RATES TO FINANCE GENERAL  
INVESTMENTS AND THE DEVELOPMENT OF A COMMON POLICY TO FINANCE  
LARGE INVESTMENTS.

7. SUPPLY POLICY FOR NUCLEAR FUELS. THE AIM OF THIS PROPOSAL IS TO "ENSURE THE RAPID DEVELOPMENT OF THE COMMUNITY' S NUCLEAR POWER SUPPLY AND ADEQUATE SUPPLIES OF URANIUM AND TO MAKE ENRICHMENT SERVICES AND REPROCESSING FACILITIES AVAILABLE. OTHER OBJECTIVES ARE THE SECURITY OF SUPPLY FOR NUCLEAR FUELS, PARTICULARLY NATURAL URANIUM AND REASONABLE PRICES AND ADEQUATE STABILITY IN DEVELOPMENT AND REINFORCEMENT OF THE EUROPEAN NUCLEAR FUEL INDUSTRY." THE COMMISSION ESTIMATES THAT THE DEMAND FOR NUCLEAR FUELS WILL INCREASE ALMOST TEN TIMES WITH A CORRESPONDING CAPITAL INVESTMENT FOR PRODUCTION OF MATERIALS AND SERVICES OF SEVEN BILLION UA AND A TURNOVER IN THIS SECTOR WHICH COULD AMOUNT TO 3.5 BILLION UA IN 1985. THE COMMISSION' S PROPOSAL ALSO CALLS FOR CREATION OF SATISFACTORY E

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CHANGE CLAUSES WITH COUNTRIES HOLDING NATURAL URANIUM AND RECOMMENDS THAT MEASURES BE TAKEN TO STIMULATE TECHNOLOGICAL RESEARCH AND DEVELOPMENT. THE COMMISSION WILL SUBMIT RECOMMENDATIONS REGARDING STOCKS AND ACTIONS IN THE EVENT OF NUCLEAR SUPPLY DIFFICULTIES TO THE COUNCIL IN THE FUTURE.

8. COMMISSION DOCUMENTS CONTAINING DETAILED DESCRIPTIONS OF THE OBJECTIVES OF THE PROPOSED ENERGY PROGRAM AND THE FOUR POLICY PROPOSALS HEREIN DESCRIBED ARE BEING SENT BY AIRMAIL (TARRANT/ RPE).  
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